

ENGCOBO LOCAL MUNICIPALITY



ANNUAL REPORT



2011 – 2012

PROVINCIAL PERSPECTIVE TO ANNUAL REPORTING AND CONTEXT FOR ENGCOBO MUNICIPALITY

RATIONALE FOR ANNUAL REPORTS BY MUNICIPALITIES

To provide relevant information needed as per the applicable legislation for the purpose of informing the public and for the assessment of compliance of the municipalities activities for the financial year under review based on the agreed plans in the IDP and other relevant processes.

UNIFORM REPORTING

During a Provincial review of municipal reporting the following observations were made:

- **Non compliance and general disregard of the reporting format prescribed by the Treasury through the MFMA Circular 11 of 2003;**
- **No logical flow of information;**
- **Incomplete and inconsistent information; and**
- **Lack of reporting of some key information.**

REPORTING SCHEDULE

The MFMA prescribes the reporting schedule for the municipality and it is the intention of Engcobo Municipality to adhere to the prescripts.

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FOREWORD BY THE MAYOR

Engcobo Municipality remains a vibrant retail hub that has huge agricultural potential. This Category B municipality is part of the Chris Hani District Municipality. Graded at level two, Engcobo is a medium capacity municipality with a limited rate base. The community rely mainly on government grants and subsistent farming for their livelihood. The past financial year marked a significant growth in community projects and public participation; however there is a need to ensure that these become sustainable. The Council has emphasised service delivery and sound financial management as a developmental



priority with intuitive political foresight that is aimed at a balance being created between infrastructure backlogs, the maintenance of existing services and the ever increasing demand for new services. During the 2011/2012 financial year Council adopted the Integrated Development Plan (IDP) and the budget as living documents that served as a base to improve the lives of the community. The indigent community members continued to benefit from the Equitable Share from national government through the provision of free basic services. Other national grants such as the Municipal Infrastructure Grant (MIG) assisted to increase the direct investment into infrastructure; however there is a need for a more innovative approach to increase grant funding. About seven access road were constructed during this financial year. The department of energy had allocated an amount of R40million for rural electrification.

The past financial year saw a marked increase in the number of Local Economic Development (LED) projects that need to be transformed from being classified as Social Investment into becoming viable business prospects. The IDP process that took Council to all 20 wards has been effective in serving as an information tool and more importantly as an opportunity to hear the needs of the community. The reality of having a low rates base and limited opportunity for revenue generation is a growing concern for the municipality and we are making plans to change our plight so as to become a viable strong own revenue generator. The audit opinion for the municipality from the Auditor – General continues to be of concern and we are now sure of the positive change of the opinion due to the effective measures we implemented towards achieving a clean audit.

In conclusion, Engcobo Municipality should become an enabler of socio economic development through sound political judgement complimented by a structured management system that will strive to push back the frontiers of poverty. Let us use our mandate to empower the community into creativity to improve their lives rather than allowing an entitlement mentality to replace the responsibility to defend our democracy. With emphasis on rural development, sound financial management, and economic development, we can improve the municipality for the benefit of all who live in it and all who pass through it.

THANK YOU

MAYORS NAME AND SIGNATURE.....

OVERVIEW OF THE MUNICIPALITY



FOREWORD BY THE ACCOUNTING OFFICER

The financial year under review saw The Plotting of a new path for Local Government and as a consequence the Engcobo Local Municipality. The Engcobo Local Municipality managed to provide leadership and guide its community members through the transition process. The organisation has been able to review its policies for proper management and administration of its programmes, further we have been together manage to develop a strategic plan taking as from 2011 to the average incoming five years for the purposes of key developments in the local environmental discourse.

The implementation of this strategic plan will assist the organisation to navigate the direction of the key deliverables of local government. The strategic plan is pillared by number of apex priorities.

- Review of the legislation and Policy framework
- Review of the Engcobo Municipality fiscal and financial management
- Improved infrastructure and municipal capacity.
- Once again it is important to reflect that the past financial year marked a significant growth in community projects and public participation however there is a need to ensure that these projects became sustainable, we have been fortunate to employ plus minus 3000 employees through the EPWP programmes and that has assisted us in an intensive strategic move to alleviate poverty to our communities.

AUDITOR GENERAL

The auditor General has expressed concern in the municipalities audit opinion, although there were signs of improvement in the year in question, but it became clearly that more efforts need to be done to improve the situation. This was confirmed by serious commitments that were made during the door to door campaign by Auditor General that both the political and administration using are committing themselves for better audit outcomes.

FINANCIAL MANAGEMENT

The council under the year in question took drastic steps to ensure that the finance department does have enough and competent staff with expertise and skills to improve the situation in terms of financial accountability. It is intended that the financial reporting.

HUMAN RESOURCES

- Even though Engcobo municipality enjoys a vibrant atmosphere amongst staff there has been a challenge in the implementation of pay to the lower levels either than section 56 managers.
- It is again becomes very important to reflect that the focus on performance will be considered in conjunction with the creation of a conducive working environment that will encourage staff to function at their optimal levels.
- The municipality has indeed received its organisational structure to align it with programmes of the institution hence new posts were created in year in question e.g. Senior Accountant

SPECIAL PROGRAMMES

There were also a number of programmes that took place through our Special Programmes Unit (SPU) during this financial year.

- Mayors cup
- Youth and Women's Forum
- The launch of district based support team and recognition of disability month.

IGR

The municipality has formed partnership with other governmental sectors and have continuous intergovernmental meeting to discuss matters of service delivery to the community. The municipality hold IGR meetings on a monthly basis. It also enjoys cordial relations with Chris Hani and other upper structures like Province and National since they are also source for project funds.

CONCLUSION

The office of the municipal manager once again would like to express gratitude to executive committee as led by honourable Mayor and as well as councillors for providing leadership and political oversight aimed at improving services to the community. This brief overview of some of our main achievements and challenges during the year under review and as well it intended to serve as an introduction to the strategic focus for the work of the municipality and the main achievements in this respect.

We are confident that we have made substantial progress through our initiatives this past financial year, the impact some of which may become more fully apparent during the implementation of various policy and legislative reports in the next financial year.

S. MAHLASELA
MUNICIPAL MANAGER

EXECUTIVE SUMMARY

This annual report cover a number of issues pertaining to the governance and management of the municipality as reflected through its operations. The broad areas reported on are;

- ❖ Governance
- ❖ Going concern
- ❖ Audit opinion
- ❖ Stakeholder consultation
- ❖ Service delivery
- ❖ Economic development
- ❖ IDP
- ❖ SDBIP
- ❖ Compliance
- ❖ Finances
- ❖ SCM
- ❖ Systems
- ❖ Human resources

The past year 2009/2010 review has resulted in successfully achieved the IDP objectives although it also presented a number of challenges. The main focus of the municipality was on the improvement of service delivery to the communities. The institution continued to make vigorous advances in the implementation of the IDP and the Service Delivery and Budget Implementation Plan (SDBIP) is used as the instrument for measurement.

A Performance Management System (PMS), particularly for Section 57 Managers has been developed, which gives the municipality the assurance that its managers will be able to work tirelessly to improve the performance of the organization. Furthermore, during the IDP reviewal processes the stakeholders raised fundamental matters that need to be taken into consideration including;

- Local Economic Development,
- Effective governance,
- HIV/Aids related issues,
- Increased measures to access funding,
- Alleviation of poverty,
- Rural development,
- Provision on housing projects, and
- Agricultural production.

The organization structure was reviewed and aligned accordingly to enhance capacity in the municipality and to respond appropriately to the identified priority areas. The spending patterns were structured such that a significant portion of the budget is deployed towards capital expenditure that benefits local economic development and infrastructure development.

The municipality has formed partnerships with other governmental sectors and has continuous Intergovernmental meetings to discuss matters of service delivery to the people because as governmental components we have common goals and objectives. Various community based projects have been capacitated with business management skills. Feasibility studies were undertaken on projects prior to funding so as to ensure sustainability and ultimately job creation.

Various crucial projects were launched during the year under review and amongst those are;

Projects Funded

Project	Budget ®	Expenditure ®	Source
Tourism Development	R 300 000.00	R60 000 00	Engcobo LM
Qoba Game Reserve	R 189 000.00	R180 000 00	Engcobo LM
Qoba Game Reserve Excursion	R 35 000.00	R 25 000.00	Engcobo LM
Arts and Culture Material	R 70 000.00	R 40 000.00	Engcobo LM
Local Tourism Organization Park home	R 25 000.00	R15 000.00	Engcobo LM
Fertilizers for 20 wards	R 280 000.00	R 180 000.00	Engcobo LM
Green youth project	R 10 000.00	R 8 000.00	Engcobo LM
Seedlings for commenced project	R 10 000.00	R 13 000.00	Engcobo LM
Tractor utilization on ploughing	R 230 000.00	R 260 000.00	Engcobo LM
Maintenance and repair of tractors	R 170 000.00	R 190 000.00	Engcobo LM
Installation of irrigation system at Emgwali project	R250 000.00	R210 000.00	Dedea
Bought tractor for Mgwali project and ITS implements	R560 000.00	R560 000.00	Dedea
Purchase of inputs for Mgwali	R30 000.00	R25 000.00	Dedea
Wood cluster (charcoal project) Fencing and King installation	R300 000.00	R260 000.00	District Municipality
Spatial Development Frame Work (SDF)	R300 000.00	R240 000.00	Local Government
Small Micro Medium Enterprise	R300 000.00	R30 000.00	Engcobo LM
Fencing and Irrigation schemes	R250 00.00	R300 000.00	Engcobo LM
Support to Business Forum	R50 000.00	R30 000.00	Engcobo LM
Support to Hawkers	R200 000.00	R250 000.00	Engcobo LM and District Municipality
Socio Economic Profile	R110 000.00	R100 000.00	Local Government
Special Programs Unit	R400 000	R100 000 .00	

Youth Development Programmes- Back to school campaign	R200 000.00	R300 000.00	Engcobo LM
Mayors Cup	R200 000.00	R392 000.00	Engcobo LM

It is also imperative to reflect tourism, arts, and craft activities under the year in question that tourism sector plan has been developed. Certain programmes have been identified, i.e. history centre, heroisee arkee but because of insufficient funds the above have not been fully implemented but their business plans are in place. Our arts experts and crafters participated in the art and craft festival that we had as the district and the province, and further our crafters are selling their products anywhere in the region and the province, and further our crafters are selling their products anywhere in the region and the province, where their market is our communal people and outsiders.

CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 VISION

“A result oriented and driven municipality, providing an environment that encourages stakeholder partnerships and citizen engagement in its quest to provide an improved service delivery to all its citizens

1.2 MISSION

“To provide basic and affordable services, alleviate poverty and improve the quality of lives of the Engcobo community through social and economic development of the area and by creating a safe, healthy and secure environment.”

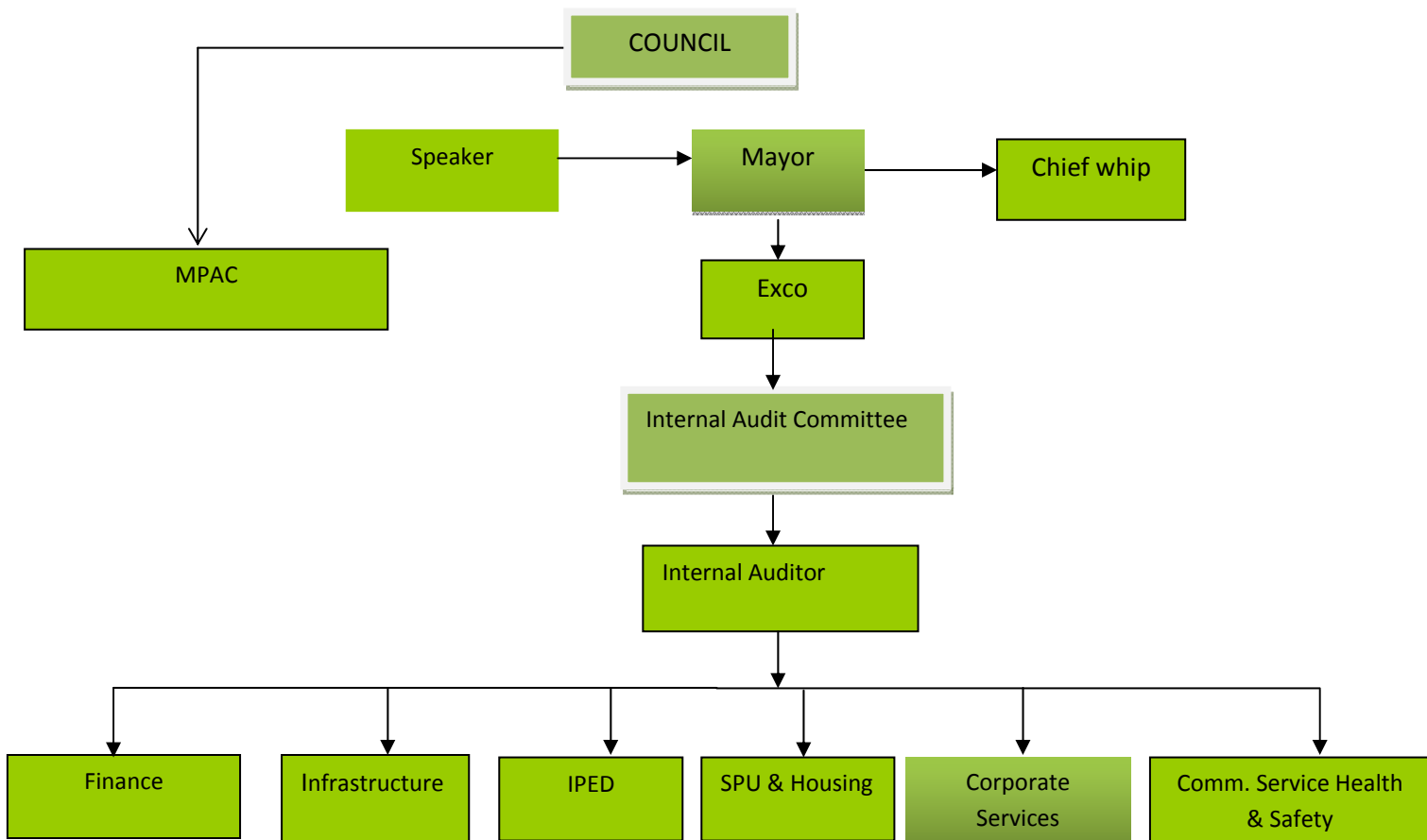
1.3 OBJECTIVES

The objectives and strategies of Engcobo Municipality are in line with those of the PGDP and PGDP objectives which are as follows:

- Systematic poverty eradication
- Agrarian transformation and household food security
- Development of manufacturing and tourism
- Infrastructure development
- Human resource development

1.4 ORGANISATIONAL STRUCTURE

1.4.1 POLITICAL STRUCTURE



CHAPTER 2: SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

2.1 WATER SERVICES

a. Water services delivery strategy and main actors:

This is the competency of the District Municipality (**Chris Hani District municipality**). The Engcobo Local Municipality and the Chris Hani District Municipality have a service level agreement in place in which the Local Municipality maintains both the urban and rural areas. The CHDM has deployed some skilled personnel to work at the municipality so as to be able to manage the demand of maintenance of rural schemes. The Chris Hani District Municipality is the Water Services Authority with reference to section 78 of the water services act.

The following water projects were constructed;

Project Name
Manzimdaka- Water reticulation
Manzimdaka-Bulk water reticulation
Gqaga-Bulk water supply
Gqaga-Water reticulation
Gqaga- Water reticulation
Gqaga-water supply
Quthubeni- water reticulation
Quthubeni- water reticulation
Quthubeni-water reticulation
Madotyeni/Ngcwabeni-upgrading of water scheme
Msintsana-upgrading of water scheme

A large percentage of the population of the Engcobo municipal community still does not have proper water supply.

b. Level and standards in water services:

The table below illustrates the level of service to water supplied to the Engcobo Municipality community some of the villages are served with water and others not. The level of service is stated ie RDP or Below RDP

Sandile – A, Kusandile Ntseleni. Cobosi – B Malangazana, Kwadala, Taleni–B, Phillipsdale Mangxongweni Entabeni - A Qolweni – E Quentabeni Eluthuthu Mjanyana - D Mafusini – K Mjanyana - C Mjanyana - B Tafeni – C Mamvulaneni, Ngqaba, Kunqumakala, Drayini – A, Ejele – B, Egubhuzi – A, Mnqandwini Mandlaneni – A, Mbilini, Maga – A, Lixeni – C Mpindweni – K, Maqanda – B, Ngcacu – A Ngcacu – B, Gobhoti, Eqolweni – AA, Mncayi Lower Gqaga – C, Lancede, Ku Cibi, Mdeni –Z Komkhulu B, Khanyi – A, Lower Gqaga – B, New Town – A, Nonyendu, Msintsana - B Msintsana – C, Ntaka – B, Mamfengweni Ncanabane, Lixeni –B, Madotyeni, Cobosi – C Kwa-Gcina – A, Cobosi – A, Nkwenkwana, Mbanga – A, Tywini Ntlalukana, Kwajelase, Mageza, Silevini Ngcelelo, Mtshayelweni – B, Hukwini, Goso – J Quluqu, Mjanyana – A, Dandazile, Look Out Store, Mawuleni, Kuntsimba, Shushwana Gotyibeni – AA, Makaxeni, Bekileni, Qanguleni Emjikelweni – B, Ekunene, Ndlunkulu – B, Ngubo, Zuburha, Zabura Bula Mboleni – B, Kwandlana, Lwandlana – M, Jalisa Mbashe – D, Matshaweni – A, Qumanco

Water services level	Population	Number of households
RDP	76 496	15 595

Tsalaba – F, Manina, Bhokileni , Tsalaba – D Yawa, Gibeni, Tsalaba – B. Dyobhashi Emanzamdaka, Hendy Plaas – A, Gubenxa - D Masameni – D, Manzimdaka – C, Mbabakazi - B Gubenxa - A, Mbabakazi – A, Gubenxa - C Manzimdaka – A, Moltina, Sundwana – C, Qebe – B, Location, Swekileni – B, Madladleni Sixholosini – A, Kwacube, Mquabu, Tsalaba Mgudu A, Mdeni – AA, Zabaza – A, Mqabo – A Ezadungeni, Quthubeni – C, Matyeni – D Mqabo – B, Jojweni –P, Island, Mqabo – C Chefane, Mgubhuzi, Tembuland, Timber Esigangeni – B, Sdikidini, Sithole, Gubenxa - B Taleni – A, Ntsinga – D, Matyeni – A Ntywabatwaba, Didwayo – A, Manzakeni Gqaka –A, Sitoleni – C, Zabaza – C, Sitholeni – C, Mhlophekazi – C, Mandebe, Mayekiso Farm – A, Qebe – C, Ngentla, Bulawayo, Gubenxa - E Elixeni, Kumabunga, Sgadleni, Ngqondo, Mdeni – X, Lower Gqaka, Mgudu E, Emgudu, Mboleni – a, Kuhlaba, Lower Gqaga – A, Upper Gqaga, Emachibini Haba, Gqaka – B, Esingeni – B, Sitholeni – D Sitholeni – B, Sitholeni – A, Ntaka – A, Nqala – A, Mnyolo Drift , Ngwemnyame, Sundwane Hlupekazi, Kumbeke, Makhallane, Ntsuba Kunomyayi, Xhokonxa, Didwayo – B, Mgudu – A, Nqala – B, Mgudu – B , Mgudu B Lower Mbashee, Gxotyeni, Ngxoki, Msintsana – D, Enkamdini, Mamfengwini – C, Manyisane - B Ngcwabeni, Tembisa – A, Luxini, Mhlophekazi – B, Didi – C, Didi – B, Macwerheni, Mqobiso – B Nogqadasi – A, Dwaleni, Esinqumeni – A, Nqancule, Nqancule – B Union Kumbeke, Klofini, Busila – A, Mcaba, Mkonko Mntuntloni, Mtintloni, Mgaphesheya Maqwathini – D, Blomfaka, Luqolweni - A Qolweni – C, Lalini – I, Mtintloni – A, Ntsinga – C, Ntsinga – B, Ntsinga – A, Zabaza – B, Zabaza – D, Esinqumeni - B Lusizi – A, Dulati – A, Gqutyini – B, Gqutyini – A

Water services level	Population	Number of households
Unserved	62 428	13 674

Enkwenkwezi, Xilinx – D, Magqakaleni, Caqca Maqamkazini, Kwancwane, Caca – B, Sikantini Nkondlo, Sigangeni – C, Mthumeni, Kwabhinca Nkanini – A, Magebeni, Mhlangwini, Macebeni Bhinca

Water services level	Population	Number of households
Below RDP	62 428	5 591

c. Major challenges in water services and remedial actions

- Huge backlog

- Budget allocations
- Funding for bulk water projects
- High Staff Turnover

2.2 ELECTRICITY SERVICES

a. Electricity services delivery strategy and main actors

The Engcobo Local Municipality is not a Licence Holder for electricity distribution or supply. The Engcobo Municipality is dependent on Eskom and the Department of Minerals and Energy. The Engcobo Municipality had four projects that had to be undertaken by Eskom the projects were the following;

- Ward 4
- Sithileni Phase 1
- Xuka Maqanda
- Mjanyana Quluqu

These projects have been with Eskom for some time and are currently being implemented by the Local Municipality. Eskom is implementing one project with the municipality which is the Cwecweni Rural Electrification Project. Challenges that are faced with were the Electrification Program are the following;

- Budget Allocation
- Personal
- Access to some villages
- Density of the villages

The municipality through funding received from the Department of Energy has engaged in electrification of 11 540 households. During the 2011/12 financial year the municipality received an amount of R35million to electrify the following villages;

Project Name	Proposed Connections	Regazet Per Project	Status
Qanguleni	129	192	Construction
Kwaxoxo	120	305	Construction
Maqanda	68	31	Construction
Ezantsi		18	Construction
Mwaca		209	Construction
Eqolweni		20	Construction
Matyeni	59		Construction
Qutubeni	41		Construction
Zabasa	126	195	Construction

Masmini	25	25	Construction
Handy Plaas	9	9	Construction
Dulati	49	49	Construction
Dala	186	243	Construction
Mafusini	25	62	Construction
Taleni	141	125	Construction
Mageza	79	291	Construction
Bekeleni	163	163	Construction
Mjikelweni		125	Construction
Quluqu		144	Construction
Dandazile		112	Construction
Sandile Link Line	1		Tender Stage
Tafeni	49	70	Construction
Ngcacu	371	50	Construction
Ntsinga	40	133	Construction
Ward 4			
Sitholeni Phase 1			
Xuka Maqanda			
Mjanyana Quluqu			

b. Level and standards in electricity services

The level of service that is provided by Eskom is the basic level of service and upgrades to the households are done through the normal Eskom procedures.

c. Major challenges in electricity services and remedial actions

- Fund of projects
- Huge backlog country wide
- Generation capacity
- Density of the villages

C. backlog electrification

Ward No	Village/Location	Number
01	Lunda	142
	Komkhulu	58
	Nabileyo	102
Total		302

02	Mqonci Lalini	250
	Mqonci Ngasa	75
	Mqonci KwaButshingi	59
	Mqonci Ntlekiseni	82
	Mqonci Ntlakwesikolo	56
	Mqonci Nkomponi	80
	Cwecweni	170
	Cwecweni Jojweni Nyathi	169
	Cwecweni Lalini	10
	Cwecweni Mzwini	61
	Cwecweni Ngwevane	165
	Cwecweni Emmangweni	65
	Maqamkazini	144
	Ntabeni	225
	Ntlakwevekile	250
	Maqomeni	182
	Singubudwini	415
	Mazizini	40
Total		2418
03	Mawuleni	15
	Makhanxeni	07
	Bekleni	234
	Mjikelweni	184
	Kunene	215

	Qanguleni	247
	Ntsilindeni	135
	Shushwana	160
	Mazizini	164
Total		1361
04	Quluqu Esingeni	09
	Quluqu Ngqubusini	01
	Quluqu Mtshayelweni	08
	Quluqu Qolweni	06
	Quluqu Ngaphantsi	09
	Mbanga Kusikom	42
	Ntlalukana	22
	Quluqu	258
	Cobosi	1050
	Ncityana	157
Total		1562
05	Qota	10
	Vetyu	12
	Nkwenkwana	16
	Mbilini	06
	Maqanda Mdaca	44
	Maqanda Ntondo	14
	Maqanda Komkhulu	06
	Mdeni	02
	Thafeni	02

	Ngcacu	971
Total		1083
06	Mageza	173
	Silevini	76
	Tafeni	135
	Ngexbe	147
Total		531
07	Fama	32
	Qoba Enyathi	13
	Tshatshatsha	26
	Qumanco	15
	Qumanco Mandaweni	06
	Lower Beyele Ntwashini	48
	Ntwashini	09
	Beyele Waselutotweni	21
	Beyele Emangxonweni	14
	Gubenxa	12
Total		196
08	Emkhanzi Mgudla	15
	Bojane Echibini	12
	Bojane Bompas	15
	Bojane Esikolweni	11
	Bojane Kundlela	32
	Bojane Maqanda	12
Total		97

09	Manzana Cottage	05
	Manzana Mgwili	05
	Manzana Mission	08
	Skhantini	06
	Emthwaku	04
	Msawawa	15
	Blaal Mtshabela	21
	Goboti Entsunguzi	22
	Dywabasini Goboti	16
	Upper Nduku	15
Total		117
10	Ezola	18
	Drayini	32
Total		50
11	Cefana Hoek	21
	Gqutyini Engxingani Kusatana	39
	Gqutyini Beyond	09
	Zadungeni	07
	Ndevu Flats	90
Total		166
12	Qolweni	29
	Mgwalana	101
	Mqabo	36
	Tembeni	20
	Emntuntloni Phathamfazi	08

	Emntuntloni Komkhulu Phesheya Maqabo	28
Total		222
13	Sidindi	21
	Blangwe	63
	Mpinndweni	39
	Sixhonti	54
	Ngxangxasi	55
	Sundini	34
	Hala	72
	Matyeni	59
	Qutubeni	41
	Lower Tsalaba Komkhulu	96
	Lower Tsalaba Mhlabubomvu	70
	Lower Tsalaba Mayireni	52
	Lower Tsalaba Ngele	70
	Lower Tsalaba Gulandoda	68
	Lower Qebe Mthwasi	38
	Lower Qebe Lokishini	142
	Lower Sitholeni Xokonxa	42
	Lower Sitholeni New Rest	25
	Mamfengweni Ntabomvu Kwa2	24
Total		1068
14	Luhewini Xuka	133
	Sixholosini	19

	Ndungunyeni	42
	Mangxongweni	57
	Bhosi	36
	Upper Nzolo	105
	Ngxabane & Xoxo	145
Total		537
15	Rhasi & Cala	56
	Msintsana Ezantsi	55
	Ngxogi & Ngcwabeni	24
	Msintsana Ecaca Phezulu	29
	Ngasesikolweni Edabulamazi	08
	Ndobe & Nonyentu	26
	Sentube	62
	Madotyeni Eqolweni	20
	Mafusi	09
	Qolweni	05
	Ngxojeni	08
	Ntwashini	11
	Esigageni	04
	Echini	06
	Exhibeni	16
	Ngaphesheya	29
	Egxojeni	21
	Sigangeni	05
	Chibini	72

Total		466
16	Mhlophekazi Mangxongweni	32
	Manuneni	19
	Mandlaneni	07
	Ntseleni & Tyeni	14
	Emaqomeni Nakwamhaga	21
	Ngquru	35
	Mbashe	20
	Sithebe	12
	Mhlophekazi Ndungwaneni	27
	Esithebe NgaseClinic	11
	Ngquru Phesha kwenunu	14
Total		212
17	Mpindweni	13
	Ngxabane	07
	Mangqileni	18
	Maqamkazini	06
	Mvala & Mangxongweni	100
	Upper Manyisana & Tafeni	26
	Ndima Emamfengweni	61
	Esitishini	09
	Thembisa	06
	Mission	01
	Nkondlo Mdaca	64
	Ntsimama Didi	42

	Didi Mbiza	08
	Didi Ngcebengwane	01
	Didi	64
	Didi Mthukuma	06
	Didi Qolweni	50
	Didi Ngxabane	47
	Didi Maya	46
	Didi Ntsimama	28
	Ngxabane	28
	Gubenxa	40
	Tafeni	26
Total		689
18	Bokleni	48
	Yawa	18
	Gqobonco	34
	Tshaphile	28
	Majija	33
Total		158
19	Upper Gqaba	108
	Lower Gqaba	340
	Lower Mnyolo	71
	Mkhonkotho	216
	Zabasa	337
	Mgudu	366
	Mmangweni	66

	Ndlunkulu	226
Total		1433
20	Gubenxa	40
	Lower Sitholeni	569
	Hlephekazi	367
	Mbakazi	234
	Mqayi	90
	Siqumeni	345
Total		1645
TOTAL BACKLOG		14313 HOUSEHOLDS

2.3 SANITATION

a. Sanitation services delivery strategy and main actors

This is the competency of the District Municipality (*Chris hani district municipality*). The Chris Hani District Municipality is the Water Services Authority with reference to section 78 of the water services act.

No sanitation projects were implemented during the 2009/10 financial year.

b. Level and standards in sanitation services

The table below illustrates the level of service to sanitation supplied to the Engcobo Municipality community some of the villages are served with sanitation and others not. The level of service is stated i.e. RDP or Below RDP. During the financial year 2010/2012 there were sanitation projects implemented in ward 1, 3, 4, 6, 7, 11, 12, and 13 respectively within the municipal area. The data below is taken from the Chris Hani District Municipality GIS system.

Sandile – A, Tsalaba – F, Yawa Manina, Kusandile, Bhokileni Tsalaba – D, Gibeni, Tsalaba – B, Dyobhashi, Emanzamdaka Hendy Plaas – A, Gubenxa - D Masameni – D, Manzimdaka - C Mbabakazi – B, Gubenxa - A Mbabakazi – A, Gubenxa - C Ntseleni, Cobosi – B, Kwadala Malangazana, Phillipsdale Mangxongweni, Entabeni - A Qolweni – E, Quentabeni Manzimdaka – A, Moltina Sundwana – C, Qebe – B Mjanyana – D, Mafusini – K Mjanyana – C, Mjanyana - B Location, Tafeni – C, Ejele – B, Lalini – O, Sixholosini – A, Mdeni – P, Manzana –C, Tsalaba, Zadungeni Mgudu A, Mdeni – AA, Zabaza – A Jojweni –P, Ezadungeni Quthubeni - C Matyeni – D, Mgubhuzi Tembuland Timber, Esigangeni – B, Sdikidini, Sithole, Gubenxa – B, Taleni – A, Ntsinga – D, Matyeni – A, Ntywabatywaba, Didwayo – A, Manzakeni, Gqaka –A, Sitoleni – C, Zabaza – C ,Sitholeni – C Mwaca – A, Mhlophekazi – C, Maqanda – D, Maqanda – C, Mnqandwini, Mandlaneni – A, Mbilini Mandebe, Xilinx – D, aqanda – B,Ngcacu – A,Ngcacu – B,Gobhoti Eqolweni - AA,, Qebe – C Ngentla, Bulawayo, Gubenxa – E, Elixeni, Mncayi, Kumabunga Sgadleni, Ngqondo, Mdeni – X Lower Gqaka, Lower Gqaga - B Xokonga, Lower Gqaga - C Lower Gqaga – D, Quthubeni – A, Mdeni – YLancede,Ngele – BB,Mhlahlane – A.Ku Cibi Tsalaba – E Tsalaba – A Mdeni –Z Komkhulu B Tsalaba – C Ngaphesheya Khanyi – A Lower Gqobonco Msintsana - E Maqoleni, Mamfengweni, Lixeni –B, Gqobonco, Madotyeni Lower Mbashee, Gxotyeni Ntaka – B Rasmini Enkamdini canabane Ngxoki Msintsana - D New Town – Anonyendu Msintsana – B Mamfengwini – C Msintsana – C Manyisane – B Ngcwabeni Tembisa – A Gadini Ntibaneni Ntibane – A Caca – A Mangxungwini Mchobololo Kwa-Gcina – B Kwancwane Kwa-Gcina – A Dwaleni Maqamkazini Mqobiso – B Sixhotyeni – D Ntababomvu Caca – B Macwerheni Khanyi – B Luhewini – A Didi – B Ezantsi – B Caqca Didi – C Kwaxoxo Sikhonanathi Brick Yard Ngxabane – B Luxeni – B Luhewini – B Nogqadasi – A Sigangeni – C Sithebe Qinwayo Mdeni – AB Sikantini Mbilishi Mhlophekazi – B Dywabasini Mqwebedu Maqomeni – A Luxini Mampondweni – C Mhlophekazi – A Gongqozayo Luqolo Cobosi – C Cobosi – A Nkwenkwana Mbanga – A Tywini Ntlalukana Kwajelase Ngcelelo Mtshayelweni - B Quluqu Mjanyana – A Dandazile Look Out Store Mawuleni Kuntsimba Shushwana Gotyibeni - AA Makaxeni Bekileni Qanguleni Emjikelweni – B Ekunene Esinqumeni – A Nqancule Nqancule - B Kumbeke Union Nkondlo Sinqumeni Tywini Gwadana Luxwesweni Luxwesweni – B Luxwesweni - C Ngcolo Mkonko Ntsinga – C Ntsinga – B Ntsinga – A Zabaza – B Zabaza – D Esinqumeni - B Ndlunkulu – B Ngubo Zuburha Zabura Bula Mboleni – B Kwandlana Lwandlana – M Jalisa Busila – A Mcaba Macebeni Gqutyini – B Nkanini – A Mbashe – D Mgudu E Emgudu Mboleni – a Mgudu – B Mgudu B Nqala – B Mgudu – A Didwayo – B Xhokonxa Kunomyayi Ntsuba Makhhalane Kumbeke Hlupekazi Sundwane Ngwemnyame Mnyolo Drift Nqala – A Ntaka – A Sitholeni – A

Population	Number of households	Sanitation levels
128 571	27215	Unserved
Taleni – B, Eluthuthu, Ngxebe Mamvulaneni, Ngqaba, Chibini – H, Kunqumakala, Lucwecwe Swekileni – B, Mgwali Kubhonxa, Engcobo, Chibini – J Drayini – A, Mampingeni - B Mampingeni – C, Madladeni Jojweni – M, Nomadamba Plantation, Mndlela, Gubengxa Lucwecwe – A, Embo, Qoba Komkhulu – W, Kwaiti Komkhulu – N, Ngaphezulu - B Gutyubeni, Kwacube, Qolweni – D, Ngaphezulu – A, Luqolweni – E, Mafusini – L ,Maqanda - A Bele – A, Kwagxubane, Fama – A, Beyele, Qumanco – B, Fama – B, Ntwashini, Dlomo – B Mquabu, Mqabo – B, Mqabo – A, Egubhuzi – A, Island, Mqabo – C, Esingeni – C, Mkhanzi, Mlambo – BMntuntloni Mhlangwini Mtintloni		

Mgaphesheya Maqwathini – D Blomfaka Luqolweni – A Qolweni – C Lalini – I Mtintloni – A Mthumeni Kwabhinca Bhinca Gqutyini – A Magebeni Klofini Qumanco Dala – A Lixeni – C Enkwenkwezi Mayekiso Farm – A Magqakaleni Mageza Silevini Hukwini Goso – J

Population	Number of households	Sanitation levels
43 770	7 645	Served

c. Major challenges in sanitation services and remedial actions

- Huge backlogs
- Funding allocations
- IDP reviewed to meet national targets
- Funding requested from DWAF

2. 4 ROAD MAINTENANCE

a. Road maintenance services delivery strategy and main actors

It is the competence of the Engcobo Local Municipality construction and maintenance. The Engcobo Municipality main focus is on the construction and maintenance of the access roads and the Department of roads and transport constructs and maintenance the district roads.

The Engcobo municipality has been very much fortunate to have the area wide maintenance program which is being implemented by the by Department of Roads and Transport. The area wide program has been of great assistance to both the Engcobo Municipality and its community. The Department assisted the municipality in construction of 20km of access road which were inaccessible.

The Engcobo Municipality has got a huge backlog on access roads that the municipality will take a very long time to eradicate. During the 2010/11 financial the municipality constructed the following access roads;

- Mngcozo Access Road
- Yawa Access Road
- Manzimdaka Access Road
- Lumkwana Access Road
- Vetyu Access Road
- Mcobololo Access Road
- Mdeni Access Road
- Mncayi to Zabegilana Access Road
- Ngcatharu to Toleni Access Road
- Mqabu Access Road

The above mentioned were constructed with the use of construction companies. The Engcobo Municipality does have its own construction equipment which is mainly used for the maintenance of access roads. The equipment assists the municipality in addressing the backlog that the municipality has in maintenance.

b. Level and standards in road maintenance services

The municipality has got three levels of services namely;

High	Urban Area (municipal roads)
Middle	District Road (department of roads and transport)
Low	Access Roads (municipal roads)

c. Annual performance as per key performance indicators in road maintenance services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households without access to gravel or graded roads	31 651	13 651	43.13	67.2
2	Percentage of road infrastructure requiring upgrade	31 651	13 871	43.13	67.2
3	Percentage of planned new road infrastructure actually constructed	0	0	0.0	0.0
4	Percentage of capital budget reserved for road upgrading and maintenance	100	100	100	99

The household indicated above are for the prioritised projects for the 2010/2011 financial year.

d. Major challenges in road maintenance services and remedial actions

- Raising construction costs
- Repairs to municipal machinery
- Provision of portable water for urban community
- Backlog of access roads
- Budget constraints

- Applications sent through to national CoGTA and other government departments.
- Non availability (shortages in stock levels) of construction material like steel, cement and fuel.

2.5 WASTE MANAGEMENT

a. Waste management services delivery strategy and main actors

At this municipality, the Community Services Department is responsible for the overall cleaning of the Central Business Area/C.B.D. Much work has been covered, and or on a continuous basis is being covered. This project, although it is being undertaken with all enthusiasm, zeal and good attitude at the most, this is a cause for concern and unhappiness amongst all community members including the municipality itself.

We as the municipality have devised some means, to effectively manage this troublesome waste by dividing our waste management team into two shifts; the morning shift and the afternoon shift. Fewer people work in the morning shift from 7hrs30 up to 16hrs, as the streets are mostly congested with vehicles in the morning. Much workmanship is dedicated to the afternoon shift, which starts at 13hrs30 up and until 22hrs.

The main actors range from street cleaners, truck drivers and truck assistants. Each team has its own supervisor, but both teams are jointly headed at the helm by a Refuse Officer. The Manager of the Health and Community Services Department is championing all Health and Community Service related issues including the Waste Management.

b. Level and standards in waste management services

Mostly, if not all of the town shops, have concrete if not drum waste bins in front of their shops, supplied by this municipality. Although some are old but some are new and the municipality budgeted a lump sum of money for buying new waste drum bins in the financial year 2010/11. This, in a way has a low impact in the street cleaning of the Engcobo town as whole.

The Engcobo residential places have been divided into days of removing their waste, but in front of their houses. The Time housing part of Engcobo suburban place, her waste is being removed on Mondays of each week, the Dorne valley part, her is being removed every Tuesday of the Week , but on Wednesdays we collect at All Saints hospital and the newly established Masonwabe Nathi is every Thursday. This probably, has a high level access to waste management services.

This on its own shows that, this is a quality standard of waste management service and in the year under review the municipality aimed to achieve some 70% of the customer satisfaction and a high quality service delivered to the Engcobo town Community.

c. Annual performance as per key performance indicators in waste management services

Indicator Name	Target for the year 2010/2011 (No of households)	Achievement level during the year 2010/2011.No of households	Achievement Percentage during the year 2010/2011	Overall achievement rate including previous years
% of households with access to refuse removal services (D.M.	1 442 500 households	1 442	100	85%
% of L.m. with Management Plan (D.M.)	N/A	N/A	N/A	N/A
% of municipal landfills in compliance with Env. (D.M)	1	1	1	100%

d. Major challenges in waste management services and remedial actions

- i. Diligence in the part of the general staff membership is very much prevalence in as far as their morale is concern therefore their morale needs to be jacked up a bit.
- ii. The fencing of the Land fill site is also a challenge, as at one stage and access control is a problem. Efforts have been made to put a fence around the waste site through the department of environmental affairs.
- iii. Cleaning Equipment: - e.g. the buying of a new extra refuse truck, a generous gesture by the clean loving business community to donate two or three refuse drum/concrete bins.

2.6 HOUSING AND TOWN PLANNING

a. Housing and town planning services delivery strategy and main actors

The Engcobo Municipality has got the responsibility of providing houses for the community of Engcobo through the Department of Human Settlements. The Municipality implemented no housing project during the 2010/2011 financial. During the 2010/2011 financial year the municipality did not receive funding for housing development implementation.

The Engcobo Municipality does not have a town planning division within the municipality. The technical department of the Engcobo Municipality performs the function of town planning. The Municipality has requested the DBSA (Development Bank of Southern Africa) to assist the municipality through its learner ship program to provide the municipality with a town planner.

b. Level and standards in Housing and town planning services

The spatial development framework of the municipality has been adopted by council. The town planning activities have been incorporated in the SDF (Spatial Development Framework). Planned projects were the following;

- Debera Rural Housing 763 Houses
- Mtihloni Rural Housing 300 Houses
- Extension 10 Middle Income Housing 103 Houses
- Extension 11 Low Cost Housing 1803 Houses

c. Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Percentage of LM with an approved Spatial Development Framework (DM only)	0	0	0	0
2	Percentage of LM with a land use management system(DM only)	0	0	0	0

d. Major challenges in housing and town planning services and remedial actions

- High Staff Turnover
- Approval for projects by Department of Housing
- Implementation of Rural Housing
- Capacity of Sewerage Treatment works

2.7 SPATIAL PLANNING

a. Preparation and approval process of SDF:

The Engcobo municipality does have a credible SDF in place which was reviewed during the 2010/2011 financial year a service provider has been appointed to assist the municipality with the review of the SDF. The SDF has been adopted by council.

b. Land use management:

The Engcobo Local Municipality received no application for rezoning was received. No applications were received for the following;

- Consent use
- Removal of restrictions

2.8 OVERALL SERVICE DELIVERY BACKLOGS

Basic service delivery area	30 June 2011			30 June 2012		
	Required	Budgeted	Actual	Required	budgeted	Actual
Electricity Backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	18305	3730	3 992	14313	3 000	3 000
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	52.9	10.7	11.6	41.4	8.6	8.6
Spending on new infrastructure to eliminate backlogs (R000)	201 950 000.00	44 000 000.00	35 000 000.00	101 950 000.00	30 000 000.00	30 000 000.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Total spending to eliminate backlogs (R000)	201 950 000.00	44 000 000.00	35 000 000.00	101 950 000.00	30 000 000.00	30 000 000.00
Spending on maintenance to ensure no new backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Road maintenance backlogs						
Backlogs to be eliminated (NO. HH not receiving the minimum standard service)	21 651	21 651	21 651	8 449	8 449	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	45.1	45.1	37.1	8 449	8 449	0
Spending on new infrastructure to eliminate backlogs (R000)	21 620 000.00	21 620 000.00	21 620 000.00	26 320 000.00	26 320 000.00	0.00
Total spending to eliminate backlogs (R000)	21 620 000.00	21 620 000.00	21 620 000.00	26 320 000.00	26 320 000.00	0.00
Spending on maintenance to ensure no new backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	RURAL AREAS					

Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	RURAL AREAS					
	Spending on new infrastructure to eliminate backlogs (R000)	8 107 993.50	0.00	0.00	8 107 993.50	0.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)	80 193.00	80 193.00	80 193.00	8 107 993.50	0.00	0.00
Total spending to eliminate backlogs (R000)	8 107 993.50	0.00	0.00	8 107 993.50	0.00	0.00
Spending on maintenance to ensure no new backlogs (R000)	1 552 908.00	0.00	0.00	1 552 908.00	0.00	0.00
Housing and town planning						
Backlogs to be eliminated (NO. HH not receiving the minimum standard service)	30 134	0.00	0.00	30 134	0.00	0.00
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	100	0.00	0.00	100	0.00	0.00
Spending on new infrastructure to eliminate backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Total spending to eliminate backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Spending on maintenance to ensure no new backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00

CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATION MANAGEMENT

3.1 Presentation of the Organizational Structure

The municipality has the following departments:

- Municipal Manager's Office
- Technical Services
- Community Services
- Integrated Planning and Economic Development
- Budget and Treasury Office
- Corporate Services

All Managers have signed employment contracts and performance agreements.

3.2 Staff Development Initiatives during the Financial Year

- **The following courses have been implemented internally:**
 1. Local Government Law and Administration
 2. Municipal Finance Management Programme
 3. Masters in Public Administration
 4. Traffic Warden Course
 5. Plant Operator Course
 6. CCNA Voice Package,
 7. Advance Project Management
 8. Event management Course
 9. Youth Development Programme
 10. Fire Fighter Course
- Internship
 - Five (5) Financial Management Interns and seventeen (17) Experiential Trainees were given work experience in the year under review.

The organogram has 163 posts of which 8 are vacant posts.

3.2 KEY HUMAN RESOURCES STATISTICS PER FUNCTIONAL AREA

3.2.1 Full time staff complement per functional area

Department	Number of approved posts per department	Filled posts	Vacant posts
Section 57 and MM	6	5	1
Technical Services	52	50	2
Finance	19	18	1
IPED	7	7	Nil
Corporate Services	12	10	2
Community Services	67	65	2
TOTAL	163	155	8

3.2.2 Level of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate	Number of staff with Tertiary/accredited professionals training
155	105	15	35

3.2.3 Trends on total personnel expenditure

Years	Total number of staff	Total approved Budget	Personal expenditure (salary and salary related)	Percentage of expenditure
2007-2008	140	37 357 692	19 466 897	52%
2008-2009	151	44 937 543	19 948 351	44%
2009/2010	150	27 857 384	15 148 506	54%
2010/2011	151	110 177 776	27 927 219	25%
2011/2012	155	167 401 540	36 814 103	22%

3.2.4 Senior officials' wages and benefits (only if not included in the financial statements)

	Indicator name	Target set for the year (number of people)	Achievement level during the year (number of people)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Vacancy rate for all approved posts;	5	5	100%	100%
2	Percent of appointments to strategic positions (Municipal Manager and Section 57 Managers)	1	3 (Filled CFO (resigned), MM, Corporate Services Manager's (Promoted) Positions)	300%	300%
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 leadership training within the FY	4	4	100%	100%
4	Percentage of Managers in Technical Services with a professional qualifications	1	1	100%	100%
5	Adoption and implementation of Performance Management System	4	3 (CFO Resigned)	100%	100%
6	Adoption and implementation of a Human Resource Development Plan including workplace skills plan	70	32 – No HRD Plan – only WSP	50%	50%
7	Completed a skills audit (including competency profiles)	155	120	77%	77%
8	Percentage of Councillors who attended at least 1 leadership training within the FY	6	6	100%	100%
9	Percentage of Councillors: -with disability - female - youth	3 20 2	3 20 2	100% 100% 100%	100% 100% 100%
10	Adoption of the Employment Equity Policy	155	155	100%	100%

5. List of pension and medical aids to whom employees belong

Names of pension fund	Number of members	Names of medical Aids	Number of members
SAMWU National Provident Fund	109	Bonitas	10
CAPE RETIREMENT FUND	45	Samwu Med	08
		Hosmed	14
		Mun Med	2
		LA Health	10
		Non – Members	120

CHAPTER 4: AUDITING STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 The audited financial statements

Attached as Annexure A.

4.2 Budget to actual comparison

Attached as Annexure B.

4.3 Grants and transfers' spending

NAME OF GRANT	AMOUNT RECIEVED	AMOUNT SPENT	% Of amount Spent
Finance Management Grant	R1,332,183.20	R1,372 187.00	103%
Systems improvement Grant	R790,000.00	R836,242.54	105%
Municipal Infrastructure Grant	R21,621,000.00	R21,365,584.95	99%
Equitable share	R66,179,000.00	R66,179,000.00	100%
INEG	R44,000,000.00	R18,866,022.41	43%
Chris Hani District Municipality	R28,267,275.00	R25,538,723.99	90%
Small Town Revitalisation	R125,000.00	R85,465.00	68%
EPWP Grant	R951,000.00	R950,902.91	100%

4.5 Municipality Long term contracts

The municipality had no other long term contracts during the year except the operating leases for the office equipment.

4.6 Annual performance as per key performance indicators in financial viability

Financial viability analysis

An analysis of the financial viability of Engcobo was conducted based on current available records.

- Municipality's financial reporting capacity needs improvements
- The municipality is implementing GAMAP / GRAP requirements
- There is a functional valuation roll as per the MPRA(municipal property rates act of 2006)
- The local revenue base is very low due to low levels of household expose to regular incomes and high levels of poverty.
- The municipality has developed the internal controls and is implementing them for the budget and treasury office.
- The risk management policy, strategy and plans have been developed.
- Monthly and Daily reconciliations has been implemented.

4.7 The Auditor general reports

Attached as Annexure C

4.8 Audit Committee Report

Report of the Audit Committee (AC) issued in terms of the Municipal Finance Management Act NO. 56 of 2003 (MFMA), for the year ended 30 June 2012.

Audit Committee Members and Attendance of Meetings

The AC consists of the members listed hereunder and meets at least four (4) times per annum as per its terms of reference. During the current reporting period five (5) meetings were held. All the members of the AC are independent.

Details of meetings attended during the year then ended are:

NAME	NO OF MEETINGS ATTENDED
Mr.A.Yeboah{FCCA,MSc(UK)} (Chairperson)	5
Mrs. T. Putzier B.COM (UCT)	3
Ms. Z. Madikazi CA(SA)	5

AC Responsibilities

The AC's role is to assist the Municipality in attending to matters affecting both financial administration, Internal and External Auditing. It strives to achieve this by operating within the AC Charter which was adopted by the Committee.

Internal Control Issues

Good corporate governance principles dictate that risks and deficiencies identified and reported should be timeously addressed.

In view thereof, Management addressed risk management by conducting risk assessment workshops, and updating the risk register on a quarterly basis, for the audit committee review.

The AC has recommended several internal control measures to strengthen the existing system. The following templates were designed to assist management to strengthen internal control within Engcobo Local Municipality:

- Supply Chain Management (SCM) reporting template
- Template on tenders
- Irregular, Unauthorized, Fruitless and Wasteful Expenditure template
- Water services reporting template

However, the Budget and Treasury (Finance) department, has not made good use of the above templates to address problems arising from those activities.

The Effectiveness of Internal Audit

In line with the MFMA and the King III Report on Corporate Governance, the internal audit function provides Management and the AC with assurance that the internal controls are appropriate and effective. This is achieved by means of risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The AC confirms that after conducting Internal Audit Assessment, we can rely on the work performed by the internal audit unit.

The Internal Audit unit could work more effectively and efficiently if timely responses were provided by management to queries raised, coupled with beefing up with IT personnel, and provision of adequate office equipment.

Evaluation of Annual Financial Statements

The draft annual financial statements (AFS) were reviewed and some recommendations were made by the committee. The committee strongly recommends that management should prepare monthly management accounts, which will culminate into quarterly reports for audit committee review. This is the only way to eliminate delays in preparing AFS at year end annually.

The AC agrees and accepts the Office of the Auditor General's conclusions (report) on the annual financial statements and is of the opinion that the audit report be accepted.

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A.Yeboah
Chairperson of Audit Committee

4.9 Situation of arrears in property rates and service charges

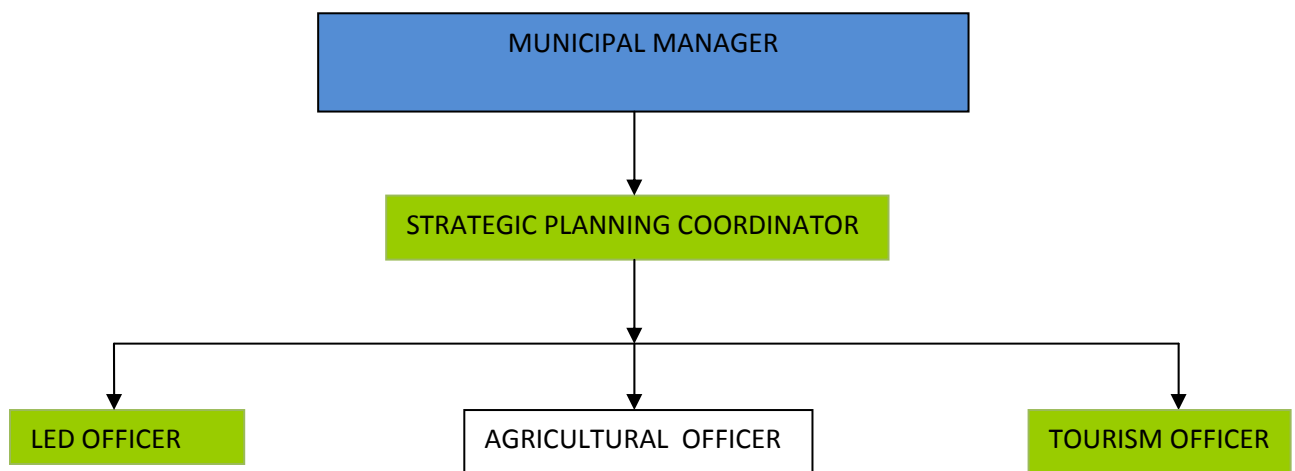
Municipality has the following services – Rates, Refuse, Water and Sanitation (WSP) As Municipality is mainly rural, as it has low level of economic development. The Municipality depends on grant funding, 5% of total revenue is from own generated revenue. This depicts that the municipality cannot survive without the grants from the provincial and national government. There has been a tremendous increase in the revenue collected for the year under review as the municipality experienced a 60% collection rate on average for all the services billed.

SUMMARY	CURRENT	30 DAYS	60 DAYS	120 DAYS +	TOTAL	%
Residential	112 986.86	69 859.03	130 443.17	4 297 101.87	4 610 390.93	60
Greenland farm	1 056.99	1 278.20	2 543.42	368 738.87	373 617.48	5
Business	91 688.07	59 390.94	111 753.60	2 295 741.51	2 558 574.12	33
GOVERNMENT	-22 155.32	26 664.13	34 424.19	105 025.01	143 958.01	2
TOTAL	183 576.60	157 192.30	279 164.38	7 066 607.26	7 686 540.54	

CHAPTER 5: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

5.1 LED Strategy/plan

LED strategy is designed to guide and facilitate the municipality on the response to the local economic development around the Engcobo community and beyond. The focus of the strategy is on the forestry development, Tourism development, Agro tourism, SMME's, Cooperatives Development, retail market and Agricultural development. A, The strategy for local economic development is on place and it is on the reviewal process. According to the Local Economic Development strategy a setup is on place as the department of LED, with the following structure.



The unity is having small scale but it needs more expertise e.g. Town Planner and the manager of the Department so that it could be a department. They need to be capacitated and assistance, on all aspect of Economic Development.

5.2 Progress towards achieving the LED key objectives

a. Improve public and market confidence

The spatial development frame work is on place and land use management system is not on place as result the municipality is utilizing the SDF on the development of a mall and rental flats.

-There are some challenges that needs to be addressed concerning the red tapes

-Investments and trading by-laws were adopted and need to be publicized for implementation.

-We don't have controls but we have some proposals for improving economic infrastructure, market place and reliable infrastructure i.e. road and ITC

-Disaster Management

We only have district plan on place. Disaster officer has been employed with two temporal workers.

b. Exploit comparative and competitive advantage for industrial activities

There are no industries in this municipality but some activities are happening in an unorganized manner i.e. panel beater, motor mechanics and electricians companies

c. Intensify Enterprise support and business development

SMME'S:- Training workshop

- Engage in tendering on different aspects
- Small financial support.
- Technical support

The unit created public private partnership with some stakeholders e.g. Business forum, Farmers Association, Co-operatives and Departments.

The new employment opportunities are as follows 310 short and 180 long term i. e. youth, women and disabled. On expanded Public works programme we are having 380 people i.e. youth, women and disabled.

On private partnership at least more people are employed permanently and temporarily.

d. Support Social investment program

On Social investment program the municipality has engaged all people that are doing and those that are having an interest in the local economic development as result

- The municipality registered 200 different co-operatives with the assistance of SEDA and DEDEA.
- There are 30 community based organizations that are dealing mostly with HIV/AIDS related programmes and Agriculture.
- There are structures on place i.e. Business forum, Farmers Association Informal business forum and youth in business.
- Disabled, women and youth forums are on place

5.3 Challenges regarding LED strategy implementation

- **Funding**
- **Capacity and skills development**
- **Experts on LED natural resources**

- **Maximizing of opportunity for development**
- **To unlock investors and donors**
- **Poor functionality of established structures**
- **Creation of job opportunities**
- **Promotion of learner ship**
- **Weakness on the promotion of networks poor and retain support on SMMES and business developments**
- **Land use management plan.**